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Williams, Aneurin

History and present
position of labour...

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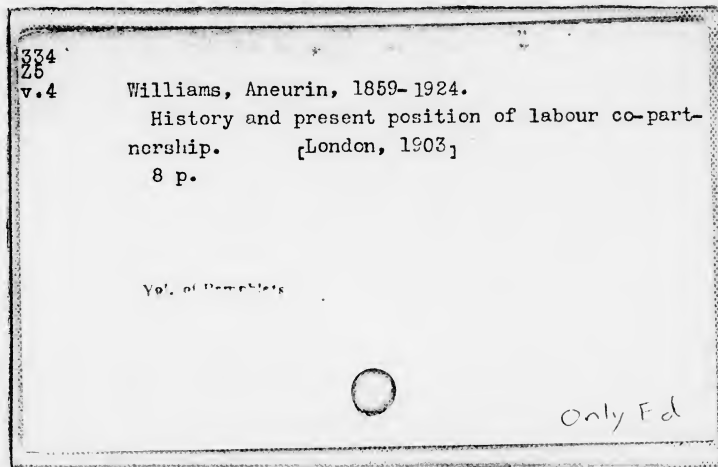
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Telegraphic Address : "CO-PARTNERSHIP, LONDON."

Labour Co-partnership Association

ESTABLISHED 1884.

Central Office, 15, Southampton Row, Holborn, London, W.C.

President - JAMES BONAR, LL.D.

Chairman of Executive - A. K. CONNELL.

Hon. Treasurer - ANEURIN WILLIAMS.

Hon. Legal Adviser - RALPH NEVILLE, K.C.

Secretary - HENRY VIVIAN.

HISTORY AND PRESENT POSITION OF LABOUR CO-PARTNERSHIP.

BY ANEURIN WILLIAMS.

THAT the evils which crush so large a proportion of the people under the present competitive and individualistic system of industry, spring solely either from moral causes or the inevitable and merciless workings of Nature not to be altered by any alterations of economic or political systems, is no doubt the doctrine of a certain school; but it is emphatically not the doctrine of us who call ourselves Co-operators. On the contrary, we picture to ourselves and believe in an organisation of Society where the association of men in carrying on the industries of the world will be carried even further than at present, but where the distribution of the produce will be effected not by a mere struggle, but on principles of reason and equity agreed upon beforehand; and where, consequently, at least many of the grosser evils of life—wanton luxury, starvation, the practical slavery of men, the worse than slavery of thousands of women, and all the degradation of character and cruel waste of human material which mark the present system at its worst—shall be avoided, without on the other hand sacrificing the progress, the alertness, the enterprise, and the free initiative which it shows at its best. Of course we do not dream that all the evils of life can be prevented—we are content to know that many can.

It was Robert Owen who first, nearly a hundred years ago, put this ideal clearly forward, and as the essence of it consists in every person directing his action not (as the popular philosophy of that day taught) with a view to his individual interest, but to that of the Body Social, Owen and his followers were called Socialists. The lapse of years has gradually changed the meaning of that word, and those who nowadays are called Socialists, while they share with us the ideal of the Co-operative Commonwealth, differ in that they look to the action of the State and Municipality as the main, if not the only, powers to bring the Co-operative Commonwealth into existence, and thereafter to direct its workings. We Co-operators, however, while not denying that the State and Municipality (which

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are compulsory associations) have a great part to perform, and not forgetting; on the other hand that pure individualism also has a great part, fix our attention chiefly on what can be achieved by voluntary association, and cannot, as we hold, be achieved by any other means.

In pursuance of this ideal, and these methods, Co-operators have in the last fifty years planted, not thinly, great parts of this and other Countries with Stores, Workshops, Banks, Labour Societies, Farms, Butter Factories, Warehouses, Building Societies, Reading Rooms, Lecture Rooms, Libraries, and many other establishments, each one a starting point in the great change they aim at. In the mass, these include several millions of Co-operators, several scores of millions of pounds of capital, and several hundreds of millions of annual trade and turnover.

It is only one small part of this great and world-wide movement which I am to deal with, in setting before you briefly what has been done by British Workmen to organise their own industries co-operatively on the basis which is called co-partnership.

In the Middle Ages, although the amount of associated labour was comparatively small, they yet had in their guilds—with their apprentices, journeymen, and masters—in their innumerable laws and regulations as to prices and wages, fairs, markets, and industrial matters of all sorts, a system which in spite of many faults was, speaking broadly, intended to secure a distribution of wealth not by the law of might, but in accordance with equity, as they understood it, and the interests of society.

But towards the close of the Eighteenth Century, this medieval system with its small masters working with the help of one or two journey men or apprentices, finally gave way before the great industry with its factories employing large numbers of "hands." Then it became painfully evident to these "hands" that the small number of employers (who had now ceased to do manual work, and had become the organisers of work and trade, and the owners of the ever-growing masses of capital required) were getting the lion's share of the produce. In fact, that whereas the master's material position was greatly improved by the Industrial Revolution, that of the employees was really worsened. There resulted a bitter feeling of injustice, showing itself in strikes, riots, machinery-breaking, and many blind efforts at resistance, and here and there in an attempt of the workers to organise their own industry, and divide its proceeds among themselves, thus dispensing with the too costly employer. A few instances of such Co-operative workshops can still be quoted before the time of Robert Owen. Indeed, the plan of workers associating together, and dividing the produce among them in certain shares, had prevailed largely in fishing and mining from time immemorial, as it still prevails. I do not know, however, that there was any theory of life behind these early efforts—they were rather practical attempts to meet a pressing evil. It was Owen who first formulated the Co-operative faith, and put forward associated industry, carried on in the interest of all concerned, as a clear ideal.

I cannot here deal with the attempts which Owen made to found away from the old towns, new communities conducted on

this principle, nor with those of his disciples to found workshops and stores in the old towns themselves as first steps towards such new communities. The communities failed, the workshops and stores have developed, not into Owenite communities at all, but on the one hand into the great workmen's store movement, with the workshops organised thereby, while on the other they have combined with a newer element to form our modern co-partnership workshops. This new element consisted of self-governing workshops intended not as steps to founding a community, but just as workshops for supplying the public. They were introduced by our revered friend Mr. Ludlow, from France, in 1850, and modelled chiefly on the workshops which he had seen established in Paris in that time of revolution. F. D. Maurice, Mr. Ludlow and their colleagues (since well known as the Christian Socialists of '48) established a number of societies of tailors, bootmakers, and other workmen in workshops, which they were to control themselves, under their own chosen managers, enjoying the profits. They were, however, federated in an organisation consisting on the one hand of a "Council of Promoters," and on the other of a "Central Board" of Managers and Delegates, and they were subject to a contribution to a central fund for certain common purposes. I am not going to trace in any detail the fate of those workshops, nor yet to relate the great and never-to-be-forgotten services which their founders rendered to Co-operation in many ways. Though very few of these workshops could boast of much success, or of many years of life, and though most of them failed very quickly indeed, the Co-operative teaching of the Christian Socialists served powerfully to reinforce and to influence the old Owenite struggle towards Co-operative production, and in various parts of the country groups of workmen began to set up workshops for themselves on similar lines, no longer as steps towards intended Owenite communities, but to supply the general consumer. Naturally, such groups of workmen had many difficulties to face—want of capital, want of a market, and want of any sort of business experience; but in addition the state of the law was a serious obstacle, and the greatest of all was the want of education of the working classes. Up to 1852 there was no protection for the property of a Society. It might be retained by any member who could get hold of it. Even after 1852 there was no limited liability, so that in case of a Society failing, every member was responsible for its debts up to his last penny. No wonder that even of the few workmen, who in those early days were trained up to the point of associated industry and voluntary discipline, the majority were afraid to venture under such conditions. Still the attempts did go on, and in 1862 the law was changed so as to give limited liability to Co-operative Societies. Meanwhile the general education of the working classes was proceeding rapidly, and they were acquiring some business training in their Trade Unions, Friendly Societies, Building Societies, and above all in their Co-operative Stores. These last moreover began to offer more and more a sympathetic market and necessary capital. Yet not many permanent successes were to be counted for ten years after the granting of limited liability. Nor do the

next seven years yield us more than six or seven societies still surviving. Indeed, so slow was the growth that when the Labour Co-partnership Association, upon its foundation, issued statistics for the year 1883, it was only able to count fifteen Co-partnership Productive Societies as then existing. From that time, however, the growth was much more rapid, so that when the Association gave evidence before the Royal Commission on Labour in 1893, it was able to show a more than threefold growth in the interval of 8½ years.

Nor did the movement by any means halt there. The Societies continued to increase in number and importance, so that a comparison of the English Societies for 1893 and for 1901 shows a substantial though not a sensational increase, amounting to about fifty per cent. (more in some items, less in others) in the eight years. The following are the figures:—

	1893.	1901.
Number of Societies	70	95
Sales for the year	£883,034	£1,032,457
Capital	310,489	613,377
Profits	30,538	48,245
Losses	2,112	5,640
Dividend to Labour	4,618	8,306

These are nearly all Workmen's Productive Societies in the strictest sense, i.e., Societies founded by workmen for the purpose of carrying on their trades, and their growth shows the vitality of the co-partnership movement in its strictest form. Among these Societies are a great variety of trades—bootmaking, weaving, printing, building, and many others.

I must now state a little more precisely what Co-partnership or Labour Co-partnership means, and I shall do it best by a reference to the old self-governing workshop ideal of the Christian Socialists. In those workshops, the workers employed were intended to own all the capital, exercise all the control, and derive all the profit; co-partnership, on the other hand, only requires that the workers employed should own part of the capital, and enjoy part of the control and part of the profit. Experience has, in fact, shown that the co-operation of an element, or elements, from outside the workshop is necessary. The workers cannot provide all the capital, custom, and business knowledge themselves, and it follows that the other providers of these things should be fully recognised in the division of power and profit. More especially is this the case when, as often happens, workmen's distributive Societies, representing large bodies of organised consumers, lend their help in conducting a co-partnership business. Our Societies, in fact, are not merely knots of producers organised for their own advantage, but republics of industry in which the great interests of the producer, the consumer, and the provider of capital are all equitably represented.

In all the Societies a large part of the organisation is the same. The Members choose the Committee of Management, those employed by the Society voting like any others, and being usually, though not always, themselves eligible. Sometimes, indeed, they compose the whole Committee; sometimes they must not exceed a certain number. The Committee (subject to the half-yearly or quarterly general meetings) directs the general policy of the Society

it also appoints and supervises the Manager, to whom it is usually wise enough to leave that large measure of power which is essential for prompt and successful business. Careful accounts are kept, and at the end of each year or half-year a balance is struck, and after providing for all expenses, depreciations, and reserves, interest (or the "wages of capital") is paid on shares, usually at the fixed rate of five per cent. with one-tenth of the remaining profits added, and the remainder of the profit is divided partly to the employees in proportion to their wages, partly to the customers in proportion to their purchases, partly to the Committee of Management as the remuneration for their services, and partly to funds for educational, provident, and similar purposes. Speaking roughly, it is found that in our well-established Societies the workers receive (over and above the full trade union wages, and the best conditions of employment) a "dividend to labour" averaging perhaps five per cent. on their wages. As this is not, in the best modern Societies, paid in cash, but in shares, it serves to make every worker a Member, if he is willing to take up the responsibilities of membership.

Space and time will not allow me to give many instances of these organisations. As you know, there are two such in the two Watchmaking Societies of this town of Coventry. But this is an age of machinery and big industries, and I will take therefore as a typical Co-partnership Society one which uses much machinery in a large factory. It was founded in 1888 by a few working bootmakers and other earnest co-operators in the midlands. They began on a scale much bigger than many of their predecessors and than not a few successful Societies since, for they actually got together 140 members and £400 of capital. Selling only to Co-operative Stores, their trade has increased and prospered from the first, until in 1901 it exceeded £42,000, with a profit of £3,133. The Society then had over 700 members, including many Co-operative distributive Societies, which were also its customers; its capital was nearly £15,000, and it employed 229 workers in a fine, well-built, up-to-date factory, where the eight hours working day prevailed.

Of course it is not by any means every Society that can show success such as this. Unfortunately, many show a very chequered career, and some even fail altogether. Still on the whole growth goes on, and the successes become more marked. I wish it were possible for me to describe quite a number of the Societies, for you would see how great a variety there is among them, a variety which enables the principle to be applied in widely differing circumstances. In some we should see a large number of workers in a given trade combining to establish and carry on the business; in others it is a mere handful; in others again the distributive stores are the most powerful element, while in a few the initiative came from a private employer, and very naturally the most prominent part remains with him. No Society is recognised as Co-partnership which denies the right of membership to the workers taken on as the business grows.

Hitherto we have spoken of England, and we have seen that Co-partnership Societies were mainly started and controlled by the workers in them, but if we look north of the Tweed, we shall see a

growth of Co-partnership production on rather different lines, and if we look to Ireland another growth of still another variety. In Scotland the Consumers' Societies not only form an element, as they do in most English societies, but they are very decidedly the predominant partner.† In fact Scotch Co-partnership is mainly a case of two great federations, formed by workmen's stores to supply their own needs, which have extended Co-partnership to their employees, i.e., have admitted them to share in profit, capital, and control.*

In Ireland, on the other hand, we have very numerous Societies formed by small peasants for converting their milk into butter, a few for selling their poultry, and a few for miscellaneous manufactures. They differ very much from the English Societies, but still they are Co-partnerships, the labour they employ being entitled to share in profits, capital, and control. It must, of course, be understood that the main power in them rests with the suppliers of milk, and other farm produce, but these suppliers are themselves workers and producers. In fourteen years this Irish movement has sprung up out of literally nothing, until in 1902 it included 70,000 so-called "farmers."

At the end of 1901 the following Co-partnership Societies for production were at work in Ireland, not counting Agricultural Supply Societies and Co-operative Banks, and others which were not directly productive:—Number of Societies, 194; sales for year, £871,156. The capital we may estimate at about £160,000, and the net profit at about £12,000. Dividend to labour was not known.

We may give, as being within the truth, the following figures of Co-operative Productive Societies at work in the United Kingdom at the end of 1901, and applying the Co-partnership principle more or less perfectly. They include, I repeat, all such Societies formed expressly for production, whether originating with consumers or producers. I place beside them for comparison the earliest figures available and those for 1893:—

	1883	1893	1901
Number of Societies	15	103	234
Sales for year	£160,751	£1,292,550	£3,818,217
Capital	103,436	639,884	1,640,883
Profits	9,031	67,663	176,694
Losses	114	2,384	8,540
Dividend in Wages	Unknown	8,283	20,846

All this is dealing only with the Co-operative movement strictly so called, but there is in the ordinary manufacturing companies of the country a growth which is sufficiently similar to demand attention here if time permitted. I mean the movement for improving upon mere profit-sharing between employers and employed by capitalising the profit so as to make the workman a shareholder. It is a movement which assuredly has a great future both in this and

other countries, not only with big public companies but with private employers; and clearly if carried far enough it would result in co-operatising the businesses adopting it. Already the 4000 employees of one great company own shares to the value of about £116,694, have about £53,000 deposited with their employers, and elect three of themselves to represent them on the board of directors. But this growth, with its hopes and its special difficulties and dangers, I cannot deal further with now.

I turn rather to the question what is the future of our Co-partnership movement proper? And first, since I have claimed that as co-operators we base ourselves on sharing the produce, not by competition, but according to reason and equity, our future clearly depends on the application of those principles. I may be asked in short how much do reason and equity say should be the wages of the labourer, and how much of the skilled artisan. What rate of interest do reason and equity approve, and how much is the normal salary of a manager. Frankly no one can say either what these now are, or what they will be when the Co-operative Commonwealth is full grown. It is from another point of view that we apply equity and reason. We use them to modify the most crying evils of the present system, not to build up a wholly new and ideal one. We begin our factories in the midst of a competitive world, and in order that they may exist at all we must conform in the main to outside conditions; but we use equity and reason to improve them as soon and as far as we are able. Are the hours customary in the trade plainly too long? We shorten them as soon as we feel strong enough. Is a certain class of women's labour plainly paid less than a woman can fitly live upon? We raise that rate as soon as we can afford to. And as our Societies multiply and grow stronger, and get more completely in federation with one another, and with the ever growing Societies of consumers, we shall be able to do more and more, till in the days when all shall have had a really fair opportunity to develop their powers, the distribution of wealth which is really equitable and reasonable will show itself as such. In this respect, therefore, I can safely repel any suggestion that we are too idealistic. But there is another point where I am not so sure—I mean in the matter of our absolutely democratic government. Most, but not all, of our Societies have the rule of "one man, one vote," so that the youngest member of the Society with £1 in share capital, and little or no co-operative knowledge or experience, has as much voting power as the founder of the Society with the full £200 shares which the law allows, and a lifetime of co-operative work and experience behind him. Certainly this does not look right, and yet in a great many cases it works well, probably because the newer and less responsible members see the wisdom of trusting their natural leaders. Yet I am bound to say that I hear from time to time a good many complaints against this pure democracy. It is, of course, certain that no system will run perfectly, and it is easy to see the faults of the one under which we work; but it must be remembered that in any less democratic system there has always been found great danger of the business degenerating into a close association of a few workmen employing others for their own profit.

† This also applies to a few of the English Societies.

* The following are the Scotch figures for 1893 and 1901:—

	1893.	1901.
Number of Societies	8	5
Sales for year	£522,670	£1,914,604
Capital	308,665	867,546
Profits	34,849	113,445
Loss	Nil	Nil
Dividend in Wages	3,607	12,540

In France, however, they have a Co-operative Workshop movement from which I think we may learn a good deal on this point. It is in many ways similar to our own, but instead of beginning with a considerable number of members, each of whom undertakes a small responsibility, say £1 or £2 in shares, they often begin with a very small number—mostly the men who are actually employed—each of whom undertakes a comparatively large money responsibility, say £40 or £80, to be paid up gradually, and in case of success each reaps a correspondingly large reward out of the profits. Under this system, so far as I can judge, they get, to start their workshops, the kind of man who in England too often finds more scope and reward for his energy and enterprise in starting business for himself than in Co-operation. Certainly it is notable that in England Societies of workmen starting production have of recent years multiplied but slowly: indeed in the year 1900 and 1901 there was no increase in the number of Societies in England, though the increase in the volume of their trade continued. In France, on the other hand, the growth has been rapid, until such Associations now number about 300, of which more than 120 are in the single city of Paris. There are other causes which partly account for this growth, for the State and Municipalities in France give their contracts largely to such Productive Societies, regarding them as preferable to direct employment on the one hand, and the capitalist contractor on the other. I cannot, however, help thinking that a great part of the explanation lies in the large amount of responsibility taken, and that we have here an example to follow. No doubt it would mean starting with fewer members, but under properly drawn rules it need not mean being less truly democratic in the long run. Meanwhile we have to face the fact that while associations of consumers employing labour on co-partnership lines are growing big, and associations such as those of the Irish farmers are multiplying rapidly, associations of artisans such as constitute our English Societies are not multiplying very fast, though they are steadily growing in importance.

In saying this, however, I do not wish to be discouraging. The starting of Productive Societies *by the actual producers* is necessarily the most difficult part of the Co-operative movement, and the prosperity and other excitements of the last few years have probably drawn away men's minds from this and many other phases of social improvement. Still even in this most difficult part there is progress, while taking all branches of co-operation together, the spread of Co-partnership is very marked, and if we look outside the Co-operative movement to the ordinary industry of the country we find the idea making a powerful impression on the minds both of employers and employed, and of the general public.

APRIL, 1903.

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